

Recommendation for Lease & Modernization of a Portion of the City of Cincinnati Parking System

Presented to Budget and Finance Committee
Cincinnati City Council
February 19, 2013

Milton Dohoney, Jr., *City Manager*
City of Cincinnati

How Do We Build on Cincinnati's Great Assets



And Take it...

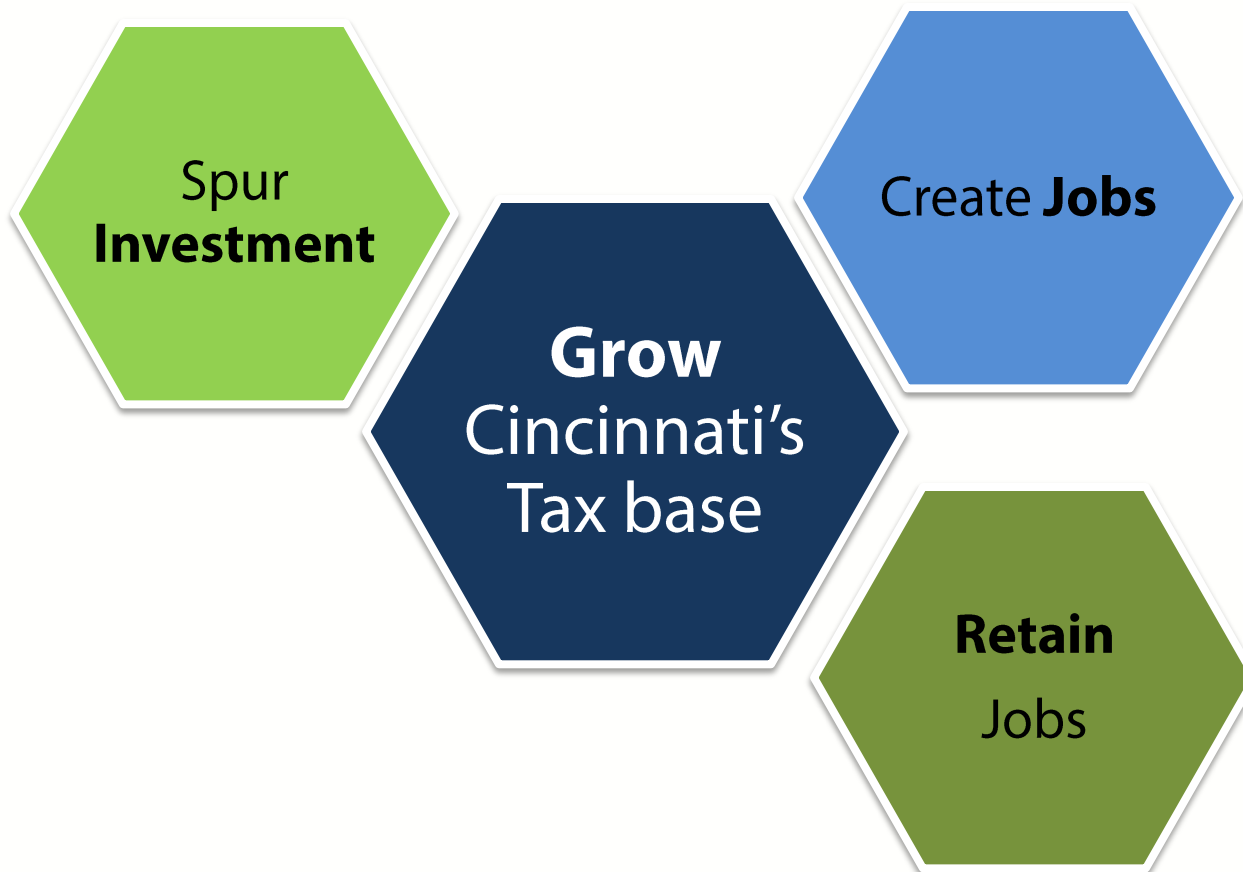
...To The Next Level...



And Beyond?



Economic Development



Growth Mode



Growth Mode



This is a Parking Modernization Plan

It brings **our parking system** into the **21st century** with needed **technology improvements**,

Provides enhanced customer service **for business growth** from a **world class operations team**,

Maintains public oversight, and brings more flexible dollars to the City in both the short and long term.

This is an Economic Development Plan

Restructuring our management of parking **allows dollars** to come to the **City's general fund** in an upfront payment.

This can be leveraged to **create jobs** and **business growth** now to provide ongoing tax revenue for the next 30 years.

Why Parking?

Parking is a **key resource** to support

- Economic and business growth and retention
- Special events and tourism
- Residential vibrancy

Parking **availability** and **convenience** is a core City function

Parking System **operation** is not a core City function

- Little incentive for public sector to fund ongoing technology and innovation
- City can't match timeliness and efficiency of implementing technological advances

Goals of Modernization Plan

- **Increase Value** of Parking System
- Improve **Financial Flexibility** of Parking Revenue
- Partner with **World Class Operator**
- Choose Partners with **Technical Expertise**
- Maintain **Competitive Parking Rates**
- Enhance **Customer Service, Safety, and Security**
- Ensure Construction of the **Sycamore Garage**
- Retain **Public Oversight**
- Support **Business Growth**

Goals of Modernization Plan

Increase efficiency & innovation to
ACCELERATE GROWTH

City Selection Team

City Manager

City Staff

- Budget Office
- City Manager's Office
- DOTE
- Economic Development
- Finance
- Law Department
- Parking Services
- Police

Other Advisors:



Location of Off-Street Facilities



The Request for Proposals (RFP) Process

City Selection Team **benchmarks other cities**

October 26, 2012 - City Administration Releases Request for Proposals

- Directly solicited **150** qualified operators, asset management firms, and others

November 5, 2012 - Tour of Parking System Conducted for prospective respondents

RFP Process

November 26, 2012 - the City received **nine** responses to the RFP:

- Cincinnati Forward LLC (includes Antarctica Capital/p3 Park/Provident Resources Group/Republic Parking/Bank of America /Merrill Lynch)
- Duncan Solutions
- First America
- Green Courte Partners
- Morgan Stanley/AMI Group LLC/Central Parking System
- ParkCincy™ Team (includes Guggenheim/Xerox/AEW/Denison Parking/Evens Time/KKR)
- Port of Greater Cincinnati Development Authority
- The National Development Council (includes ABM/Citigroup Global Markets Inc./Mintz Levin/THP Limited Inc/Streetline)
- Vinci Concessions/LAZ Parking/LAZ Parking Realty Investors

RFP Process

December 2012 – City invites three teams to Cincinnati for interviews.

January 2013 – City starts negotiations with two teams. The Port Authority is identified as key player for its access to lower cost of capital, Cincinnati focus, and public structure.

City Manager Priorities

- **Public Oversight**
- **Upfront** payment & **annual** installment payments
- **World class operator** with significant expertise
- Immediate capital expenditures to **modernize the system** and **enhance customer satisfaction**
- Partner with proven **integrity** and **customer service** focus

City Manager Policy Directives

- Technology improvements **before** rate increases
- Rates increase **incrementally**, with **caps**
- **Limited expansion** of hours
- **Select** 10 minutes free meters **retained**
- Sundays and Holidays **remain free**
- **Reasonable** enforcement standards
- Substantial **flexibility** for special events and meter closures (compensation events avoided)
- **Completion** of Sycamore garage
- Private operator has **NO authority** to **set rates or expand hours**

Recommendation

ParkCincy™ &
Port of Greater Cincinnati Development Authority

Key Lease and Modernization Terms

\$92M upfront payment entirely financed with bonds issued by the Port Authority

City receives an **annual installment payment** estimated at \$3M initially, and expected to grow over time

Over **\$20M** in initial capital improvements for meters and Sycamore garage

- Construct Sycamore garage
- Immediate on-street improvements

Overall capital investment estimated at **\$98M** over term of the lease

Key Lease and Modernization Terms

Term: 30 years on-street, 50 years off-street

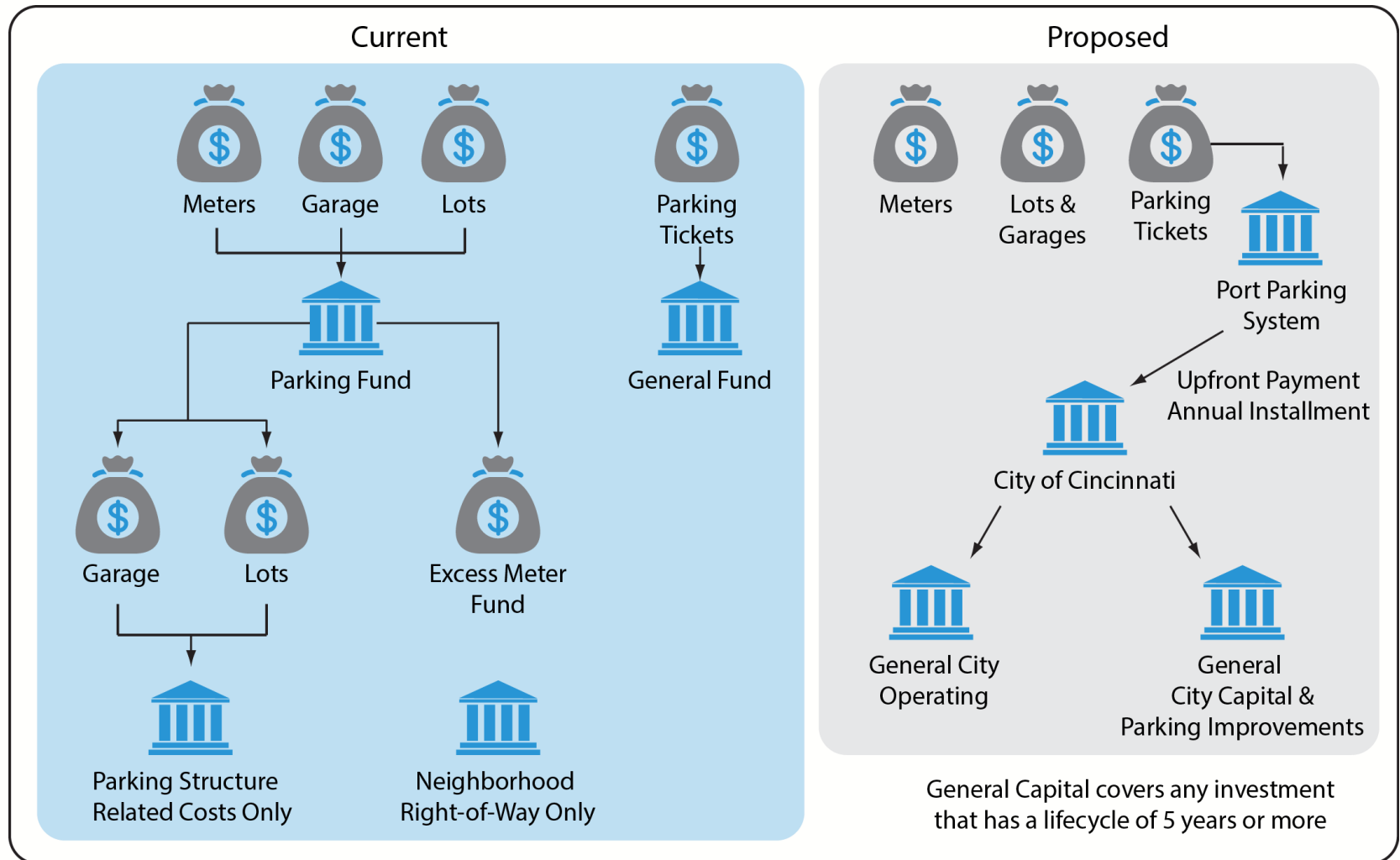
Agreement **between** the **City** and the **Port Authority** contains operating standards

Ability to alter provisions over time, if necessary, through the **Advisory Committee** process

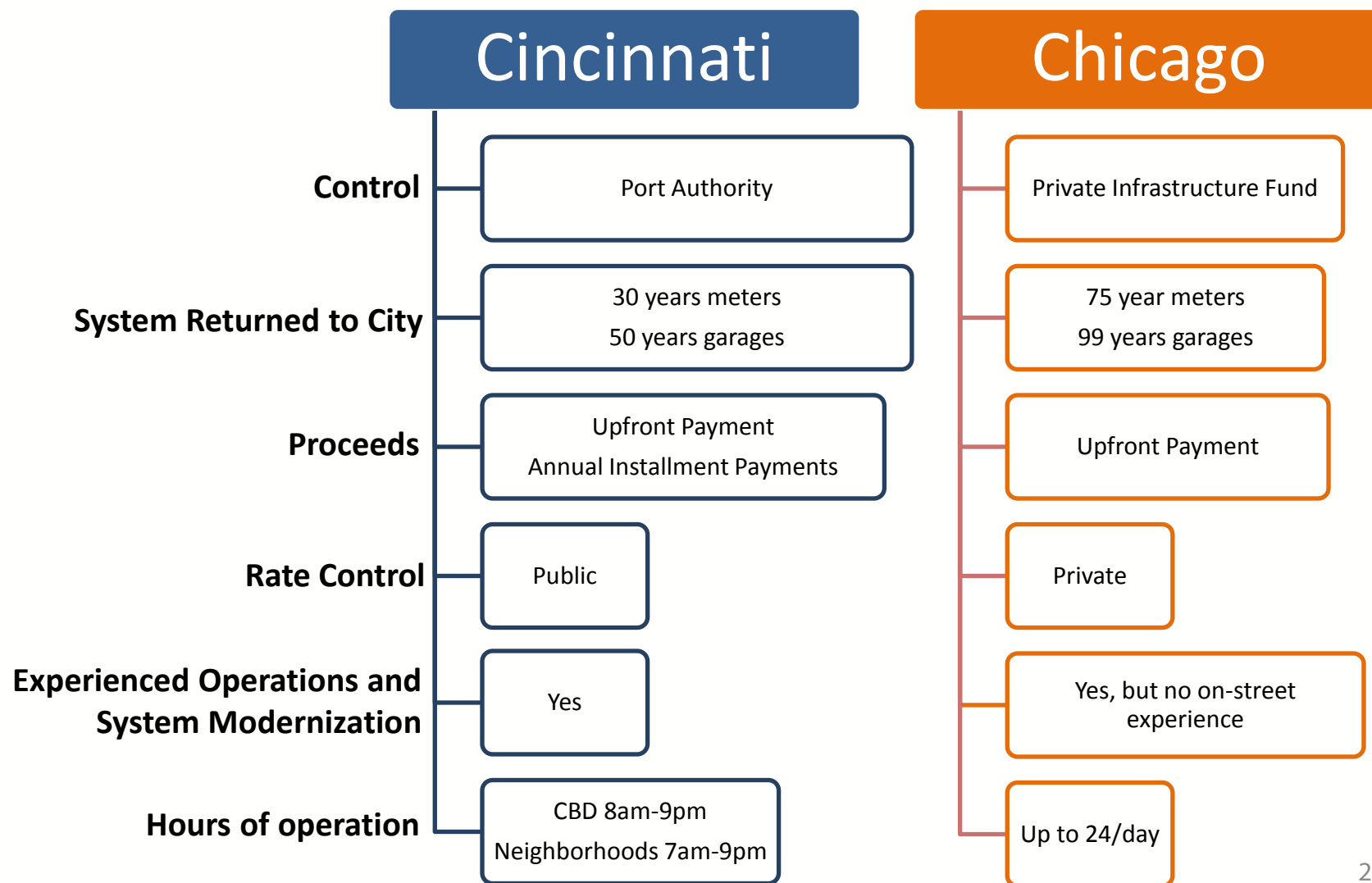
The City **retains** the ability to **terminate the agreement** if the operating standards are not substantially met

Upgraded parking system **returns to the City** at the end of the lease term

Current vs. Proposed Structure



This Is NOT Chicago



Laura Brunner, *President/CEO*
Port of Greater Cincinnati Development Authority

Port Authority and ParkCincy™ Team

Port of Greater Cincinnati Development Authority - Lessee and owner

AEW - Asset manager

Xerox - Day-to-day operator of on-street parking

Denison - Day-to-day operator of off-street parking

Guggenheim - Underwriter & Capital Provider

Port of Greater Cincinnati Development Authority



Port of Greater Cincinnati
DEVELOPMENT AUTHORITY

Has issued over **\$540 million** in revenue bonds

Owns and **oversees** the management of over **8,600** structural parking spaces

Role: **Lessee and Owner**

- **Review and approve** operating and capital budget
- **Contract** with asset manager; monitor operators
- **Review and sign** trust disbursements
- Maintain **system transparency**
- **Communicate** to stakeholders

AEW Capital Management, L.P.



Global provider of **real estate investment** and **asset management** services actively managing portfolios on behalf of **320** U.S. public and private clients including **51** public US pension plans

Role: **Asset Manager**

- Develop **intermediate and long term** strategic plans
- Oversight of **parking operators**
- Recommend annual **operating** and **capital** budgets
- Develop **risk management** policies and procedures
- **Engage** independent engineers and consultants
- Manage **long term capital plan**

Xerox



\$22B Global company offering **World Class** services in **parking operations, fee collection, technology innovation** and **customer service**. Actively manages **36,000** on-street spaces. Parking market leader for over **30** years supporting **30** of the largest U.S. cities.

Role: **Day-to-Day Operator of On-Street Parking**

- **Operating partner** for on-street system
- **Day-to-day property level** responsibilities including
 - Meter installments, removal and repair
 - Coin collection and counting
- Violations processing/Collections
- Implementation and operation of **new technologies**

Denison



Manages and operates over **60,000** parking spaces in **115 locations** in **13 states** and Washington, D.C., providing superior service. Maintains contracts involving a **broad range of operating environments** that include municipalities, events, office buildings, retail, and on-street meter enforcement.

Role: **Day-to-Day Operating Off-Street Parking**

- **Operating Partner** off-street parking (garages and lots)
- Facility and equipment manager

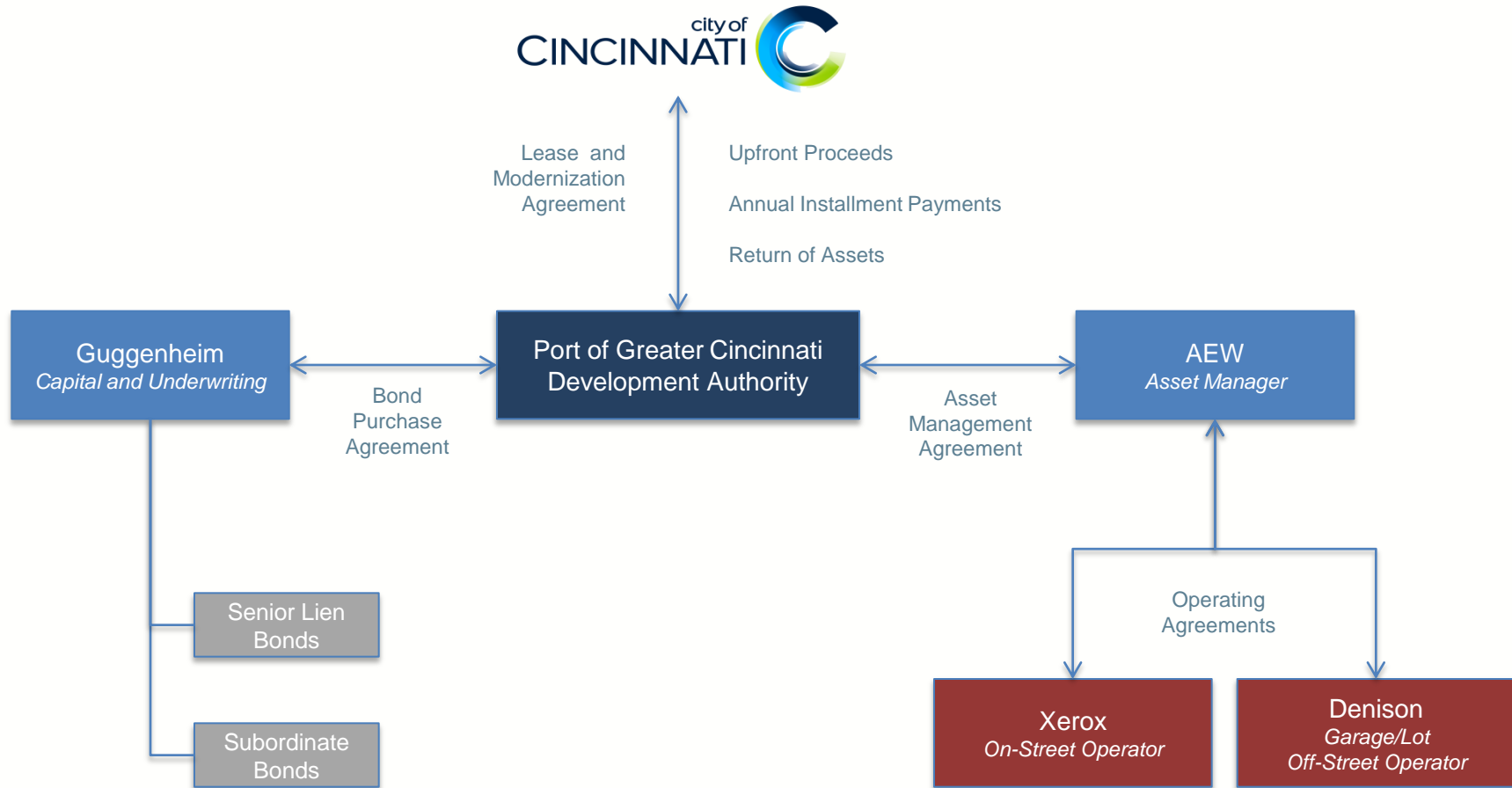
Guggenheim

GUGGENHEIM

Global financial services firm with more than 2,200 professionals located in more than 25 offices in ten countries. Delivers diversified financial services to a changing marketplace. The firm's investments span **\$170 billion** of assets under management.

Role: **Underwriter & Capital Provider**

Port Authority and ParkCincy™ Team



Port Authority and ParkCincy™ Team

Local control over all future decisions including:

- The **location** of parking meters
- The **removal** of parking meters
- The **addition** of parking meters
- Temporary meter closure for **events, emergencies**, etc.
- Hourly rates
- Days of operation
- Hours of operation
- The designation of meters reserved for persons with disabilities

Port Authority and ParkCincy™ Team

A long-term, coordinated, systematic, and well managed approach to Cincinnati's parking system

Proven Experience – builds on the **proven, prior successes** of the parking team in Indianapolis

Enhanced Customer Experience through technology upgrades

Parking Enhancements – An estimated **\$98 million** in **capital investments** in the system during the life of the agreement

Aligned Interests in Parking Rates and Capital Improvements

Quick Fact: Meter Technology

Old Meters

Current Challenges:

- Variety of eras, manufacturers,
- Do not have a uniform look/street placement,
- **NONE** accept payment via smart phone,
- Credit cards – CBD only
- Operate by **battery vs. greener** solar versions



New Meters

Goal: Improve parking **convenience** through **modernization**

Upgrades planned:

- New meters
- Retrofit existing meters
- Smart phone parking



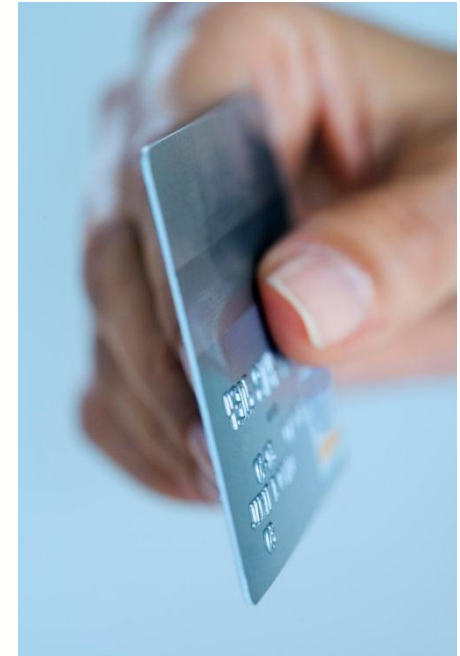
Install new technology **before** any rate increases or expansion in hours

Parking should feel like **the start**, not **the end**, of the journey

Quick Fact: Rates

How are rates going to change?

- Private operator has **NO** authority to set rates
- **On-Street**
 - CBD – stays at \$2/hr initially
 - Neighborhoods – increases to \$0.75/hr upon meter upgrade
- **Off-Street**
 - No initial change to first hour or monthly rates
 - Middle hours will increase to be closer to, but still below, market



No rate increases until technology upgrades are **complete**

Future increases capped at greater of **3% or CPI annually** (25 cent increments for meters)

Quick Fact: Hours of Operation

Will the hours of operation increase at meters?

Yes, all meters will be in effect:

8am-9pm **downtown**

7am-9pm in **neighborhoods**

The private operator has **NO** authority to expand hours



Quick Fact: Inclusion

What efforts will be made to ensure that economic inclusion is considered?

The **Port Authority's** economic inclusion policy will apply

Aspirational goals:

- 25% Minority Business Enterprise (MBE)
- 7% Women Business Enterprise (WBE)
- 30% Small Business Enterprise (SBE)



Quick Fact: 10 Minutes Free

Will **10 Minutes** of Metered Parking Continue to Be Free Downtown?

Yes, in areas where it supports business growth.

Spaces providing free 10 minutes will
be clearly marked



Quick Fact: Sundays and Holidays

Will **Sundays** and **Holidays** remain **free** to park at a meter?

YES. Parking Meters are not and will **not** be enforced on:

- Sundays
- New Year's Day (January 1)
- Martin Luther King Day (third Monday in January)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Thanksgiving Day (fourth Thursday in November)
- Christmas Day (December 25)



Quick Fact: Enforcement

Will enforcement standards change?

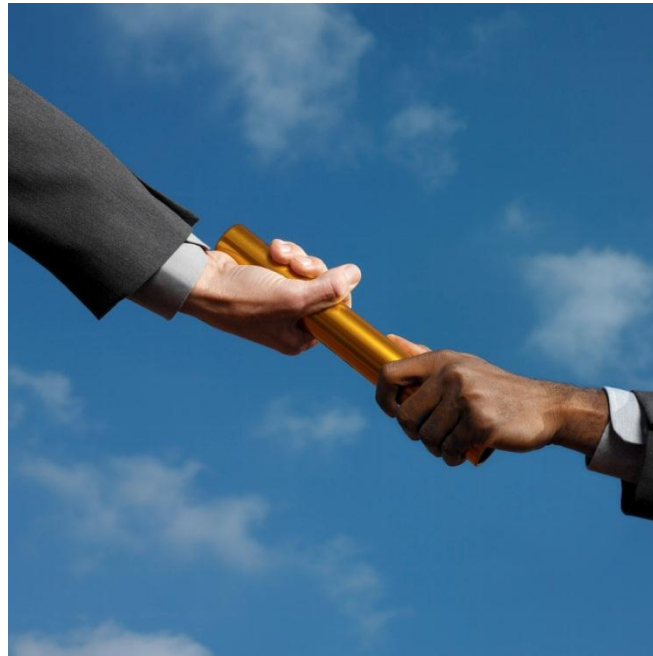
Generally, enforcement standards will not change. Repeated non-compliance may result in increased measures. The Cincinnati police are still empowered to ticket as needed for public safety.



Quick Fact: End of Lease Term

What happens at the end of the lease term?

The upgraded parking system is **returned** to the City.



Quick Fact: Booting

Will the operator be able to boot my vehicle?

Yes, in cases of extreme non-compliance

- At least 3 unpaid parking tickets
- Same as current towing policy

No same day booting

Automated booting technology that immediately releases the boot upon payment



David Cummins, *Senior Vice President and Managing Director*
Xerox

Leader in On-Street Parking

Xerox's Mission: Deliver Smart Parking

- Smart Parking is where technology, analytics, sustainability, and economics converge to transform the customer experience.
- What do our customers want most? Their most valuable asset—time. We provide solutions that put customers and stakeholders first.

End-to-end Service Capabilities

Systems Integration

- Hardware neutral integration
- Enterprise level back-end system
- Project management

Field Technology

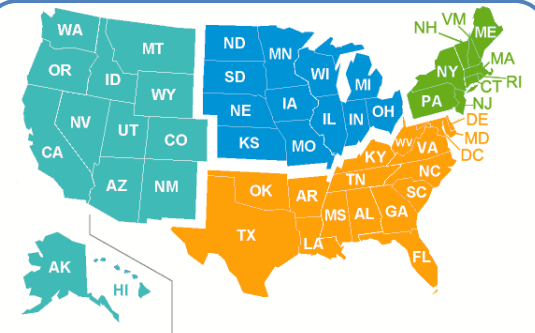
- Meters
- Handhelds
- Sensors
- Pay-by-phone
- Dynamic signage

Violations Processing

- Issuance training
- Handheld software
- Pay by web, IVR
- Customer service center

Innovation

- 3 research centers
- Demand management
- Field studies
- Over 15 patents pending



West

- Los Angeles, CA
- San Francisco, CA
- 9 others

Northeast

- Boston, MA
- Philadelphia, PA
- 4 others

Midwest

- Cleveland, OH
- Indianapolis, IN
- 2 others

South

- Washington, D.C.
- Dallas, TX
- 6 others

Scotland

- NSL - City of Edinburgh Council

England

- Brighton & Hove City Council
- 78 others

N. Ireland

- Northern Ireland (DRDNI)

Wales

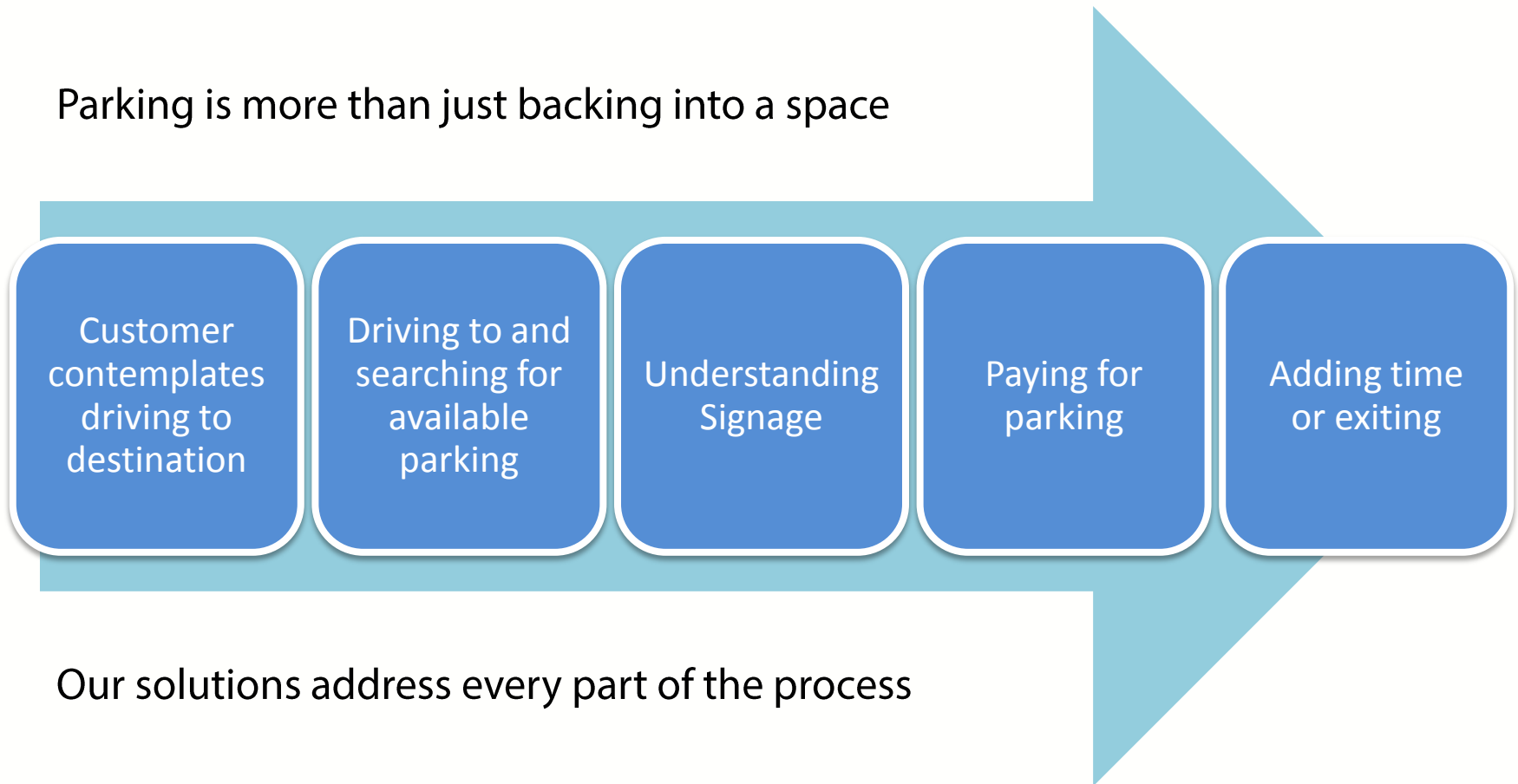
- Denbighshire County Council
- 6 others

Netherlands

- The Hague

The Parking Process...

Parking is more than just backing into a space



Our solutions address every part of the process

Taking the “Pain” Out of Parking

The Decision to Park

- Provide information about rates and hours, events, and closures to motorists online, via cell phone, or social media
- Ongoing public education/community outreach

Searching for Available Parking

- Provide wayfinding apps to customers to help them find available spaces
- Promptly repair meters, making it easier to find one that works

Understanding Signage

- Use easy to understand messaging and trade dress to communicate rules effectively
- Hours of operation programmed so customers do not mistakenly pay a meter

Paying for Parking and Adding Time

- Accept coins, credit and debit cards, and phone payments
- Alert customers via text when their phone payment is about to expire

Sustainability

Optimizing traffic flow will help reduce greenhouse gases

Wayfinding apps will limit “cruising”

Solar powered meters eliminate the need to dispose of thousands of nine-volt and lithium batteries each year

Back office systems alert staff when meters are broken, reducing the need to circle a block for a working meter



Measurable Results

- Upgrading 3600 plus parking meters initially and refreshing meters over the life of the project
- Credit cards use will grow. In Indianapolis, credit card use increased from 0% to 37% downtown in the first three months and to 65% in the first year
- Payments by phone will become the norm. In Washington, DC, payments by phone account for 44% of all transactions
- Greater than 99% operability
- Repairing meters quickly. In Indianapolis, the average repair takes just 4.6 hours (compared to days in many cities)
- New meters resulted in a 52% reduction in meter complaints in Indianapolis



An Orderly Transition

- Install new, credit card-accepting technology *before* any neighborhood rate increases or expansion in hours
- Thorough notification and communication to stakeholders regarding changes
 - Technology demonstrations
 - Parking ambassadors
 - Press conferences and releases
 - Social media and web postings
 - Clear signage
 - Flyers for businesses
 - Customer support
- Quickly implement pay by phone program citywide
- Bring wayfinding tools to customers



Reminder Notice

Thank you for parking with ParkIndy!

Recently new days and hours we're implemented at parking meters.

New Days

- Downtown and near downtown: Monday through Saturday

New Hours

- Downtown: 7 a.m. to 9 p.m.
- Near Downtown: 7 a.m. to 8 p.m.

The days and hours of operation are posted on the parking meter.

New Rates will be implemented as new credit card accepting technology is installed.

Your vehicle was observed parked in violation of the new meter days and hours. This Reminder Notice is being served to provide you with information about changes to metered parking.

There are no fines or fees due at this time. In the future, however, your vehicle could be cited for parking in violation of posted days and hours.

For more information, visit www.parkindy.net


Find us on
Facebook and Twitter.

 **parkindy.net**
find your space

Printed on a Nexa® "Gen2" Press.



Milton Dohoney, Jr., *City Manager*
City of Cincinnati

Outreach

City has met with or made presentations to:

- Cincinnati Business Committee (CBC)

- Downtown Cincinnati Inc. (DCI)

- Charter Committee

- Cincinnati Neighborhood Business Districts United (CNBDU), and
Invest in Neighborhoods

The Administration has also Posted Facebook Discussion, Sent letters from the Manager to Neighborhood Mailing List, Distributed Flyers at Neighborhood Summit

More info?

www.cincinnati-oh.gov/parking

Thank you.